

<b>Title of Report</b>	<b>CORPORATE RISK REGISTER - COVERING REPORT</b>
<b>For Consideration By</b>	Audit Committee
<b>Meeting Date</b>	June 8th 2022
<b>Classification</b>	Open/Exempt
<b><u>Ward(s) Affected</u></b>	All Wards
<b><u>Group Director</u></b>	<b>Ian Williams, Group Director Finance and Corporate Resources</b>

## **1. Introduction**

- 1.1. This report updates members on the current Corporate Risk Register of the Council as at June 2022 (attached). It also identifies how risks within the Council are identified and managed throughout the financial year and our approach to embedding risk management.
- 1.2. This report assists the Committee in its role of overseeing corporate governance and is presented for information and comment.

## **2. Recommendations**

- 2.1. The Audit Committee is recommended to note the contents of this report and the attached risk registers and controls in place.

## **3. Reason(s) for decision**

- 3.1. Risk management is fundamental to effective business management and it is vitally important that we know, understand and monitor the key risks and opportunities of the Council. Officers and members are then able to consider the potential impact of such risks and take appropriate actions to mitigate these as far as possible. Some risks are beyond the control of the Council but we nevertheless need to manage the potential impact or likelihood to ensure we deliver our key objectives to the best of our ability. For other risks, we might decide to accept that we are exposed to a small level of risk because to reduce that risk to nil is either impossible or too

expensive. The risk management process helps us to make such judgements, and as such it is important that Audit Committee is aware of this.

#### 4. **Background**

The current Council risk profile was reviewed and ratified by the Corporate Leadership Team (CLT) in May 2022. In discussions and meetings with Directorate Risk Champions, various Heads of Service/Directors and other managers in different services, ideas and proposals on new risks and the current risks have been discussed, before the review being brought to CLT. Numerous risks have changed or now exist in different circumstances compared to when last reviewed by Committee in January 2022, particularly with unpredictable global events like what is unfolding in Ukraine.

#### **Policy Context**

- 4.1. All risk related reporting is in line with the Council's Risk Policy, ratified biennially by Audit Committee, and also fully supports the framework and ideology set out in the Risk Strategy.

#### **Equality impact assessment**

- 4.2. For the purposes of this report, an Equality Impact Assessment is not applicable, although in the course of Risk Management (and associated duties) all work is carried out in adherence to the Council's Equality policies.

#### **Sustainability and climate change**

- 4.3. This report contains no new impacts on the physical and social environment.

#### **Consultations**

- 4.4. In order for Risk Registers to progress to Committee, they will already have been reviewed by the relevant Senior Management Team within the corresponding Directorate, or at overall Council level. Any senior officer with any accountability for the risks will have been consulted in the course of their reporting.

#### **Risk assessment**

- 4.5. The relevant Risk Register is attached in Appendix one.

### **CORPORATE RISK REVIEW**

- 5.1 The Corporate Risk Register comprises risks that cut across the Council's Directorates, which could potentially impact on overall strategic objectives.
- 5.2 The contents of the attached register tend to focus on the more negative, potentially threatening sides of risk to the Council – looking at the consequences that might happen if a particular event occurs. However, with risk management there is often

an opportunity connected with a potential risk where an upside can be exploited. This is referred to explicitly in the Council's Risk Strategy where it is stated: *"if we focus on opportunities when assessing the merits of different possible solutions, this often allows us to look at bolder, more creative or innovative solutions - essentially to take greater risks, but calculated risks."* In the case of the Council, there have been situations (as referred to in the Risk Register) where potentially negative events like funding cuts have occurred, or new legislation has been issued. In fact, this has often led to improved efficiencies, and has served as an opportunity to sometimes streamline services, and encourage new and more effective approaches to an area of work. It should be stressed that the Council, in managing risks, strives to look for this positive angle within risk management.

### 5.3 Notable risks included on the current register are:

- Cost of living crisis - this is a new risk which was proposed for inclusion in this latest version - a reflection of this unfolding crisis which is affecting most people across the country as well as having a direct impact on the Council's revenue and capital costs. The risk details how the Council is undertaking to manage this risk and provide as much support as possible to those affected in the Borough.
- Pandemic. The score of this risk has now fallen, but it remains an area which needs to be closely managed, and clearly further risks remain. Although many aspects of life in Hackney have returned to normal, there is no room for complacency regarding vaccinations and the chances of new strains developing.
- Cyberattack. When the attack was discovered in October 2020, immediate work was carried out to isolate the Council's internally hosted systems and network and to notify the national leads for cyber security. However, risks remain that recovery work may introduce new vulnerabilities or reintroduce vulnerabilities which existed at the time of the attack / retain elements of the attack which could be reused in future. Also risks remain relating to the data stolen and published to the dark web in Jan 2021. Within this register these risks (with accompanying controls) are explored in detail, as well as updates to the more general Cyber security and Information Assets risks.
- National and International Economic Downturn  
This risk has now evolved quite significantly since it was first included on the Corporate Risk Register, but it remains critical. The Council has been continuing to carry out efficiency savings (necessary in light of the austerity measures of the Conservative government) which were exacerbated by the outbreak of Coronavirus across the world. The emergence of COVID-19 has meant significant additional expenditure and reduced income.
- Risk 10 – Pensions & Risk 33 – Management of Data.  
The Pensions risk has been on the register for a number of years, albeit has changed in that time. The Management of Pensions Data has now left the Corporate register and features once again at Directorate level. This reflects some improvements in the data (resulting in a decreased likelihood), but this will continue to be monitored..

- Risk 13 – New Legislation (cross Council).  
There remains a need for the Council to be ready to act on any new legislation. In the Queen's speech of May 2022, a further 38 bills have been proposed (on areas such as schools, data and procurement) which will continue to place pressures on Councils to respond.
- Risk 18 & 18b– Workforce  
Another risk resulting from budgetary pressures and the pandemic is the impact it is having on staffing levels and accompanying restructures. This could clearly impact on how efficiently staff are able to work, and whether they have the resources to do it effectively. In addition, to meet the financial challenges ahead, it will be necessary for the Council to have a more agile workforce and not one constrained by traditional custom and practices.
- Risk 20b – Corporate Resilience  
This is an iteration of the risk previously more about Business Continuity (within ICT), emphasising the importance of the Council being suitably prepared to respond and adapt to incremental change and sudden disruptions (which have clearly happened with the recent Cyberattack). Clearly, failure to do this would impact massively on our ability to effectively deliver services and CLT have supported this being featured at Corporate level.
- Risk 23 - Person suffers significant harm  
This risk related to child welfare initially but after discussion at CLT was broadened to encompass all persons at risk in the Borough (including Council staff), and the safeguarding steps the Directorates are taking to protect them.
- Risk 30 – Temporary Accommodation.  
This was escalated to the Corporate Register in July 2017 and remains in place especially in light of the recent implementation of the Homelessness Reduction Act, placing further obligations on Councils. The Cyberattack has affected systems used here.
- Risk 35 & 36 – Insourcing and the setting up of Council owned companies. -  
The risk relating to the Council's approach to Insourcing was escalated in 2020. Obviously the Guidance paper is crucial in determining the best approach to Insourcing decisions, depending on circumstances. The Council companies risk has also been on the register for two years, but is more important than ever in the light of recent PIRs (Public Interest Reports) which specifically related to some Council owned companies and subsidiaries. In each instance the Councils suffered severe losses due to poor decision making, a frequent lack of governance and a near complete lack of approved business cases. These serve as examples about how not to proceed with companies and make the risks very clear.
- Risk 39 - Climate Change. This was escalated at the end of 2019, and remains integral to the Council's overall objectives.

Clearly there are overarching areas within this register where some risks are starting to compound the effects of other risks. An example of this is the cyberattack which has exacerbated other risks related to information, or the delivery of services dependent upon (affected) applications. Also the pandemic is

impacting upon a range of risks, whether the obvious financial effects, or the varied impacts it is having on people, services and processes.

## **6. Comments of the Group Director of Finance and Corporate Resources.**

- 6.1 Effective risk management is a key requirement for good financial management and stability. This becomes more significant as funds available to the Council are reduced and budget reductions are made.
- 6.2 Whilst consideration of the risk register has no direct financial impact, many of the risks identified therein would have financial impact if they were realised. They therefore continue to be monitored to ensure that they are controlled to an acceptable level and that future actions to manage the risks are on track.

## **7. Comments of the Director of Legal, Democratic and Electoral Services**

- 7.1 The Accounts and Audit Regulations 2015 require the Council to have a sound system of control which includes arrangements for the management of risk. This Report is part of those arrangements and is designed to ensure that the appropriate controls are effective.
- 7.2 Continuous review of the Risk register and impending legislation referred to is key to ensuring that the Council remain in control of the management of risk.

### **Appendices**

Appendix one - Hackney's Corporate, Strategic risk register.

### **Background documents**

None

<b>Report Author</b>	Matt Powell      ☎ 020 8356 3032
<b>Comments for the Group Director of Finance and Corporate Resources prepared by</b>	Jackie Moylan / Ian Williams      ☎ 020 8356 3332
<b>Comments for the Director of Legal, Democratic and Electoral Services prepared by</b>	Dawn Carter-McDonald      ☎ 020 8356 6234